

PSF: Park

EXPORT-IMPORT BANK OF WASHINGTON  
WASHINGTON

July 16, 1935

The President

The White House

Dear Mr. President:

I submit herewith for your signature a draft of an Executive Order terminating the Office of Special Adviser to the President on Foreign Trade. In view of Executive Order No. 7076, of June 15, 1935, continuing all agencies created under Title I of the National Industrial Recovery Act, this action is necessary to give formal effect to the decision which we discussed some weeks ago.

In reviewing the work of this office, certain comments seem appropriate. At the time I undertook the duties of Special Adviser, I indicated the necessity of setting up a national bookkeeping record of the movement of visible and invisible accounts comprising our international balance. Accordingly intensive studies were initiated in the Office of the Special Adviser, in cooperation with the Department of Commerce. The results of these basic studies were presented to you in three letters dated respectively May 23, 1934, August 30, 1934, and April 30, 1935, which were subsequently made public at your direction. Arrangements now have been made to have these studies carried forward, country by country, in the Department of Commerce and to have quarterly statements of our balance of international payments issued by that Department. The establishment and expansion of this system of national bookkeeping appears to me to be an important step forward and to afford an indispensable guide to the Government and to the public in our commercial and financial dealings with foreign nations.

As these studies progressed I was forced inescapably to the conclusion that our general depression and the financial collapse of 1931-1932 were traceable in very large measure to the commercial and financial policies pursued by the three post-war administrations in their relations with foreign nations. The effect was to permit a draining off of our liquid resources by foreign nations. These policies rendered us vulnerable to the economic shocks which eventually overwhelmed us.

This conclusion in turn led me to make to you two recommendations of major importance designed to correct the condition to which I refer.

First, was the creation of a permanent foreign trade board to co-ordinate the various foreign trade activities of the Government under unified direction and to deal comprehensively with our foreign commercial and financial activities. The creation of such an agency appears to me vital if we are to develop adequate foreign trade policies and to administer them